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Mr. Chairman, members of the committee, I want to thank you for taking up this legislation, and for the opportunity to address you on this important issue,

House Bill 4396 provides a Social Security exemption to Michigan's pension tax for public safety retirees not receiving Social Security who were born after 1952 and were retired when SB 409 of 2011 went into effect January 1, 2013.

In 2011 the Senate passed SB 409 and as originally passed included a total exemption from the state pension tax for pensions of all public safety officers that retired from municipalities that did not participate in Social Security. Once SB 409 was moved on to the House the Senate version was amended and the final version left behind those retired public safety officers that were born after 1952. House Bill 4396 would afford this age group equal treatment with those listed under age group two born between 1946 and 1952.

Because of the nature of their jobs and the physical requirements, Police officers and fire fighters are among the few exempt from the Federal Age Discrimination Act, allowing for municipalities to establish mandatory retirement age for public safety officers. This puts these retirees at a disadvantage under the current Michigan pension tax policy. Most of the tax deductions allowed are not triggered until the retiree reaches age 67.

Between the allowable Federal age discrimination and delayed tax deductions of Michigan's pension tax code, and the difference in the way in which Social Security benefits and public employee pension benefits are currently treated at both the State and Federal level many of our retirees do not receive the same tax benefits as their civilian counterparts.

I believe other very important issues you should take into account as you consider this legislation is; (1) These changes were implemented after the fact, (2) The original tax policy legislation House Bill 4361 (PA 38 of 2011) which passed the House by a vote of 56 to 53 and Senate by a vote of 20 to 19, did not contain the language negotiated between legislators and constituents, (3) The final version of the promised clean-up Bill SB 409 of 2011 (PA 597 of 2012) also fell short and left out promised language .

We believe treating this age group like the age group born between 1946 and 1952 is only fair and will help them at a time these and other circumstances have made retirement more difficult.

The Detroit Public Safety retirees in this pension tax age group has had their situation made even more difficult by the City of Detroit Bankruptcy. They not only saw an increase in their pension tax, but a reduction in their pension benefits, and a loss of 90% of the value of their healthcare coverage.

In the last Legislative Session, Senator Horn introduced SB 368, which contained the same language as HB 4396. SB 368 was voted out of Senate Finance Committee 7-0, and full Senate 36-0, and sent to House Appropriations where it did not get a hearing.

I respectfully ask for your support of House Bill 4396



Don Taylor

President Retired Detroit Police and Fire Fighters Association